



# ANNUAL REPORT 2025



# TABLE OF CONTENTS

ABOUT US	2	
OUR VISION		2
OUR MISSION		2
OUR VALUES		2
OUR BOARD OF DIRECTORS	3	
LETTER FROM THE CHAIR OF THE BOARD	4	
LETTER FROM THE CEO	5	
FROM ONE PROGRAM TO A NATIONAL PRO	6	
2025 HIGHLIGHTS	7	
PRODUCT OVERVIEW	8	
PAINT		8
HOUSEHOLD HAZARDOUS WASTE (HHW)   HAZARDOUS AND SPECIAL PRODUCTS (HSP)		9
LIGHTS		10
ALARMS		11

## ABOUT US

Product Care Recycling is a Canadian not-for-profit producer responsibility organization that helps industry meet its environmental obligations through the design, implementation, and management of stewardship programs.

Operating programs in every Canadian province, along with activity in the United States through our subsidiary, Product Care is Canada's first truly national producer responsibility organization. We manage end-of-life programs for paint, household hazardous and special products, lighting products, and smoke and carbon monoxide alarms.

For more than 30 years, we have worked with governments, producers, municipalities, Indigenous communities, retailers, collection and service partners to deliver safe, accessible, and efficient stewardship solutions. Through collaboration, innovation, and operational excellence, we help producers meet their regulatory obligations advance the principles of Extended Producer Responsibility, and deliver meaningful environmental outcomes for the communities we serve.

### OUR VISION

Our vision is to establish Product Care as a leader in the development and management of innovative product stewardship solutions.

### OUR MISSION

Our mission is to provide product stewardship solutions that advance the efficiency and effectiveness of program delivery for our members, while caring for the environment, our consumers and our employees.

### OUR VALUES

- Environmental commitment
- Service and member orientation
- Continuous improvement
- Transparency
- Collaboration
- Accountability

# OUR BOARD OF DIRECTORS

## Chair

**Jason Bernard**

The Sherwin-Williams Company | Paint Products

## Vice-Chair

**Steve Urchison**

Cloverdale Paint | Paint Products

## Corporate Secretary

**Jeffrey Cattanach**

The Home Depot | Retail

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<b>Member</b>	<b>Organization</b>	<b>Sector</b>
<b>Dan Giansante</b>	Rust-Oleum Canada	<i>Other Products</i>
<b>Marjorie Dionne</b>	Standard Products Inc.	<i>Lighting and Alarms</i>
<b>Marie-Yannick Carrière</b>	Rona Inc.	<i>Retail</i>
<b>Gil Ofek</b>	Liteline Corporation	<i>Lighting and Alarms</i>
<b>Matthew Nickmann</b>	Home Hardware Stores Ltd.	<i>Retail</i>
<b>Matthew Taggart</b>	Benjamin Moore & Co.	<i>Paint &amp; Coatings</i>
<b>Daniel Katz</b>	Satco Products Inc.	<i>Lighting and Alarms</i>
<b>Geneviève Potvin</b>	Scotts Canada Limited	<i>Other Products</i>
<b>Angela Chidley</b>	The Pittsburgh Paints Co.	<i>Paint &amp; Coatings</i>

## LETTER FROM THE CHAIR OF THE BOARD



Dear members and industry colleagues,

Product Care continues to operate in an environment where extended producer responsibility is evolving rapidly across Canada. Regulatory requirements are expanding in both scope and complexity, and increasingly, they are developing at different paces across jurisdictions.

This fragmentation presents a clear challenge for industry. Delivering programs that are consistent, efficient, and scalable requires greater alignment in how stewardship systems are designed and implemented. Product Care's national experience positions the organization to support this need—bringing practical insight to help balance environmental objectives with operational realities.

In this context, the Board has supported a clear strategic direction for the organization. Product Care's new five-year plan focuses on expanding its service portfolio, strengthening its ability to operate at scale, and deepening its partnerships with members and stakeholders. These priorities reflect the need to adapt to a more complex and competitive landscape while continuing to deliver value to members.

Product Care has built a strong reputation as a reliable and effective PRO across multiple programs and jurisdictions. Maintaining that position will require continued focus, coordination, and collaboration across the industry.

On behalf of the Board, I would like to thank Product Care's members, staff, and partners for their continued commitment and engagement.

Sincerely,

A handwritten signature in blue ink, appearing to read 'JGB', written in a cursive style.

**Jason G. Bernard**

Board Chair

## LETTER FROM THE CEO



Dear members, colleagues, and stakeholders,

Thank you for your continued support throughout a busy 2025, a year in which the operating environment for Product Care continued to become more complex.

Across our country, regulatory requirements are continuously evolving, putting more demands on our programs. This added complexity puts more pressure on our team to continue delivering consistent and scalable outcomes, while continuing to meet expectations for performance, transparency, and cost efficiency.

In response, a key focus in 2025 was strengthening how we operate across programs. This includes improving data consistency, aligning reporting practices, and identifying opportunities to better coordinate activities nationally. These efforts are critical as we work toward more harmonized approaches in an increasingly fragmented regulatory landscape.

2025 saw us kick off our new five-year strategic plan, which is centered on three imperatives: expanding our service portfolio, integrating and scaling the organization, and strengthening how we work with members and partners. These priorities reflect the need to adapt to an increasingly complex environment while continuing to deliver reliable and compliant stewardship solutions.

Successes we realized in 2025 can be attributed to collaboration with our members and industry partners. This will remain a foundational approach for the years ahead, supported by continued engagement across all sectors and stakeholders, as well as the continued guidance of our Board, the tireless efforts of our staff, and strengthening our connectivity across the country.

Product Care has a strong foundation for continued success, but the path forward requires greater coordination, consistency, and adaptability as regulatory expectations continue to evolve—working responsibly, together.

A handwritten signature in black ink, appearing to be 'BB', written in a cursive style.

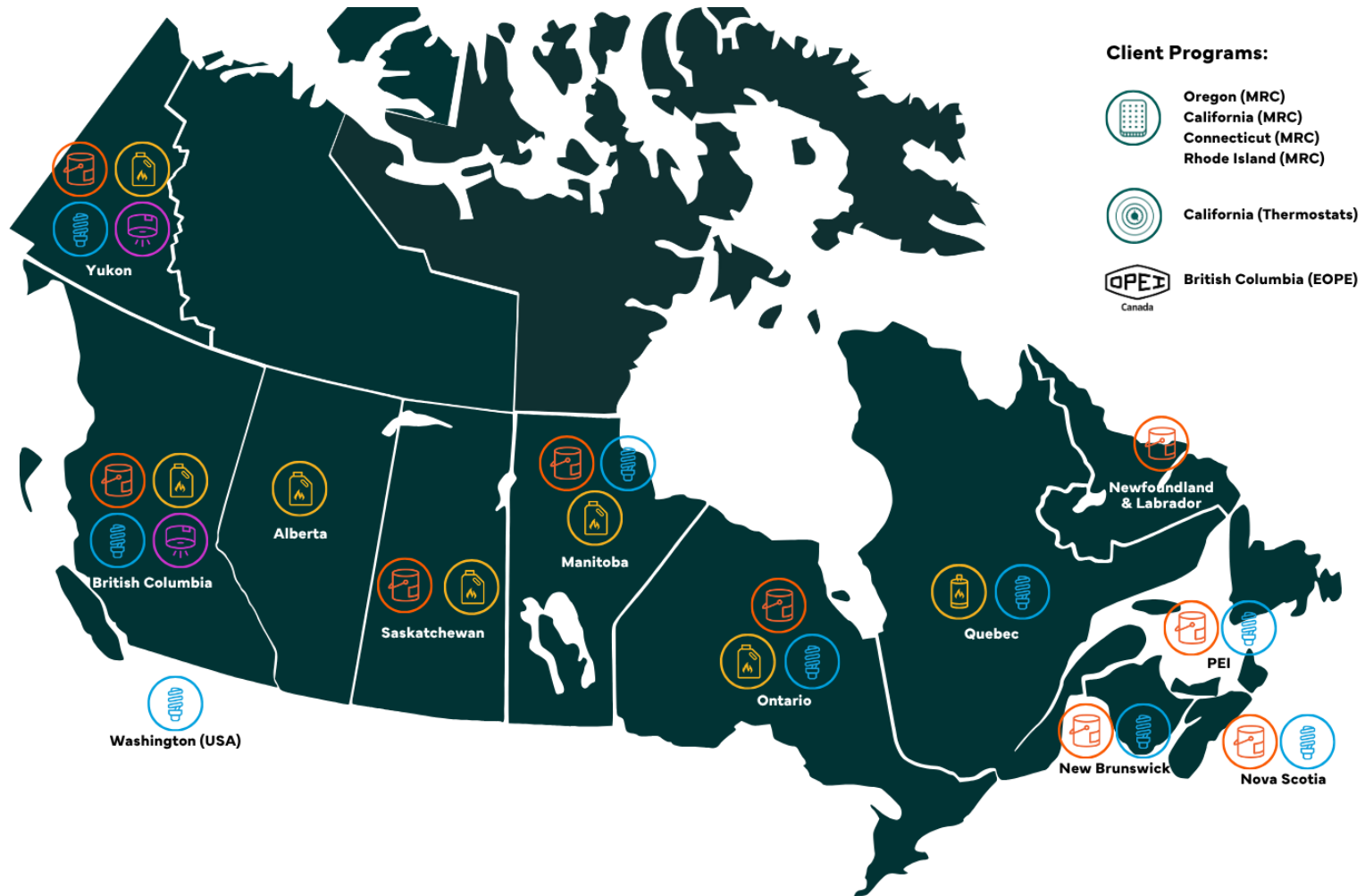
**Brian Bastien**

President and CEO

# FROM ONE PROGRAM TO A NATIONAL PRO

What began in 1994 with a single paint stewardship program in British Columbia has grown into a national network of stewardship programs serving communities across Canada.

The launch of Alberta's Hazardous and Special Products program in 2025 marked a significant milestone, establishing Product Care as Canada's first truly national producer responsibility organization and reflecting more than three decades of growth, innovation, and environmental stewardship.



## 2025 HIGHLIGHTS



**7,900,000 litres of paint collected**



**714,000 litres of HHW/HSP collected**



**13,800,000 light bulbs collected**



**142,044 smoke and CO alarms collected**

**154 NRFC Sites  
in Quebec**

Exceeded the 2025 regulatory  
target of 85 sites by **81%**

**3.3 Million**

Visits to Product Care's  
website, a **220%** increase vs  
2024

# PRODUCT OVERVIEW

## PAINT



**Product Care’s paint stewardship programs operate across eight provinces, providing convenient recycling and reuse options for leftover paint and coatings. In 2025, the programs collected 7.9 million litres of paint while continuing to advance initiatives that support reuse and circularity.**

### PAINTSHARE EXPANSION

PaintShare remains a cornerstone of Product Care's approach to waste reduction. In 2025, the program was refreshed across Canada with new promotional assets, enhanced partner support, and increased awareness efforts. These investments contributed to a 3% increase in the PaintShare network and helped redistribute more than 184,770 litres of reusable paint to communities across the country.

### GLOBAL COMMUNITY IMPACT

Product Care's paint donation partnership with Bulembu, Eswatini reached an important milestone in 2025. More than 14,000 litres of paint were donated during the year, bringing the total donated through the partnership to over 50,400 litres since its inception ten years ago. The donated paint has supported restoration projects, community infrastructure improvements, and community revitalization efforts.

### NAVIGATING A CHANGING LANDSCAPE

Paint stewardship programs continue to operate in an evolving regulatory environment, with increasing performance expectations, accessibility requirements, and reporting obligations. At the same time, changing end-market conditions and rising processing costs continue to influence program operations across the country.

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Product Care remains focused on strengthening reuse initiatives, supporting sustainable end markets, and advancing effective solutions that support regulatory compliance, environmental objectives and long-term program sustainability.

## HOUSEHOLD HAZARDOUS WASTE (HHW) | HAZARDOUS AND SPECIAL PRODUCTS (HSP)



**2025 was a milestone year for Product Care's HHW and HSP programs, marked by national expansion, regulatory developments, and continued growth in collection infrastructure. Across Canada, the programs collected more than 714,000 litres of household hazardous waste and hazardous and special products, helping ensure these materials were managed safely and responsibly**

### **NATIONAL EXPANSION**

A major milestone was achieved on April 1, 2025, with the launch of Alberta's Hazardous and Special Products program. The launch established Product Care as Canada's first truly national producer responsibility organization, operating stewardship programs in every province. More than 200 collection depots and collection events were established across Alberta to support the successful implementation of the program.

### **QUEBEC NON-REFILLABLE FUEL CONTAINER PROGRAM SUCCESS**

Quebec's Non-Refillable Fuel Container program continued to exceed expectations in its first full year of operation. The program recruited 154 collection sites by the end of 2025, surpassing the regulatory requirement of 85 sites by more than 80% and achieving significant progress toward future accessibility targets.

### **PREPARING FOR FUTURE GROWTH**

In British Columbia, the Recycling Regulation was amended to include new product categories, including automotive products and pressurized canisters. Product Care began regulatory review, market assessments, and stakeholder engagement activities to evaluate implementation considerations and support future program development.

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As governments continue to evaluate opportunities for inclusion of additional hazardous and special products under EPR frameworks, Product Care remains focused on delivering efficient stewardship solutions that support regulatory compliance, environmental outcomes, and long-term program sustainability.

## LIGHTS



**Product Care's lighting programs continued to evolve in 2025 as changing technologies, shifting markets, and regulatory developments reshaped the stewardship landscape. Across six provinces, the programs collected more than 13.8 million light bulbs while maintaining accessible collection services for consumers and businesses.**

### **BUILDING COLLECTION NETWORKS**

Nova Scotia's lighting program completed its first full year of operation, with 54 collection sites established across the province. In Ontario, Product Care introduced pilots and partnerships, testing new collection solutions designed to improve accessibility and support future network growth.

### **COLLABORATION THROUGH CHANGE**

As lighting technologies continue to evolve, Product Care worked closely with members, advisory committees, and industry partners to address product classification and reporting challenges resulting from differing regulatory definitions across jurisdictions and evolving products. This collaborative approach helped support more consistent reporting and program administration while responding to changing market conditions.

### **NAVIGATING MARKET TRANSFORMATION**

The lighting sector continues to undergo significant change as consumers and businesses transition away from mercury-containing lamps toward newer technologies. Federal amendments to the Products Containing Mercury Regulations, which came into force in 2025, accelerated this shift and created financial and performance challenges for programs with a limited scope of eligible products, particularly in Manitoba and Quebec.

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Product Care continues to work with governments, industry stakeholders, and advisory committees to adapt to changing lighting technologies and support long-term sustainability of lighting stewardship programs.

# ALARMS



**Product Care's smoke and carbon monoxide alarm program continues to support both public safety and responsible end-of-life management across British Columbia. In 2025, the program collected more than 142,000 alarms and maintained a network of 262 collection sites, providing convenient access to recycling services throughout the province.**

## SUPPORTING PUBLIC SAFETY

A key focus in 2025 was continued collaboration with FireSafe BC and participating fire departments. Through community outreach and public education initiatives, these partnerships helped raise awareness about alarm testing, replacement, and responsible end-of-life management. By connecting fire safety and environmental stewardship, the program continues to provide value beyond collection and recycling.

## GROWING PARTICIPATION

Alarm collections increased by 6% compared to 2024, reflecting strong public participation and ongoing awareness efforts. The program's collection network, which includes retailers, local governments, recycling depots, fire departments, and Indigenous communities, continues to provide accessible collection opportunities across British Columbia.

## LOOKING AHEAD

Preparations are underway for the next Smoke and Carbon Monoxide Alarm Stewardship Plan renewal in 2026. Product Care remains focused on maintaining efficient and effective program providing accessible collection services while supporting broader public safety objectives.

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By combining environmental stewardship with fire prevention awareness, the program continues to demonstrate how producer responsibility initiatives can deliver meaningful benefits to communities across the province.

**PRODUCT CARE ASSOCIATION OF CANADA**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2025**

**PRODUCT CARE ASSOCIATION OF CANADA**  
**Financial Statements**

For the year ended 31 December 2025

**Contents**

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Independent Auditors' Report	
Statement of Financial Position	4
Statement of Changes in Net Assets	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 20

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## INDEPENDENT AUDITORS' REPORT

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To the Members,  
Product Care Association of Canada

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Product Care Association of Canada (the "Association"), which comprise the statement of financial position as at 31 December 2025, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at 31 December 2025, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

#### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Information

Management is responsible for the other information. The other information comprises: the various Annual Reports that the Association issues for its provincial recycling programs (the "Annual Reports").

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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## **INDEPENDENT AUDITORS' REPORT - Continued**

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We obtained certain sections of the Association's Annual Reports prior to the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditors' report. We have nothing to report in this regard.

The complete Annual Reports are expected to be made available to us after the date of this auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ♦ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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## INDEPENDENT AUDITORS' REPORT - Continued

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- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Rolfe Benson LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada  
7 May 2026

**PRODUCT CARE ASSOCIATION OF CANADA**  
**Statement of Financial Position**  
31 December 2025

	<b>2025</b>	<b>2024</b>
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 5,468,432	\$ 4,849,895
Term deposits (Note 5(a))	11,196,656	9,667,312
Accounts receivable (Note 15)	3,595,473	2,769,262
Prepaid expenses and deposits	234,438	574,171
	<b>20,494,999</b>	<b>17,860,640</b>
<b>Restricted cash and term deposits (Note 3)</b>	<b>2,588,689</b>	<b>2,184,401</b>
<b>Forgivable loans (Note 4)</b>	<b>295,078</b>	<b>387,457</b>
<b>Term deposits (Note 5(b))</b>	<b>5,836,382</b>	<b>2,750,000</b>
<b>Investments - at market value</b>	<b>38,250,191</b>	<b>35,021,856</b>
<b>Tangible capital assets (Note 7)</b>	<b>14,634,373</b>	<b>14,968,836</b>
<b>Intangible assets (Note 8)</b>	<b>78,783</b>	<b>50,000</b>
	<b>82,178,495</b>	<b>73,223,190</b>

**Liability**

<b>Current</b>		
Accounts payable and accrued liabilities (Notes 9 and 15)	\$ 8,119,013	\$ 6,713,655

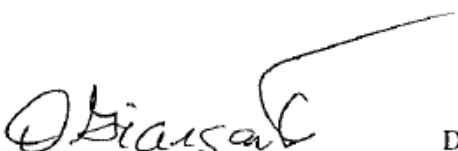
Commitments (Note 11)  
Contingencies (Note 10)

**Net Assets**

Unrestricted	14,764,784	11,176,582
Invested in tangible capital and intangible assets	14,713,156	15,018,836
Internally restricted (Note 6)	41,992,853	38,129,716
Externally restricted (Note 12)	2,588,689	2,184,401
	<b>74,059,482</b>	<b>66,509,535</b>
	<b>82,178,495</b>	<b>73,223,190</b>

APPROVED BY THE DIRECTORS:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

The accompanying notes are an integral part of these financial statements

**PRODUCT CARE ASSOCIATION OF CANADA**  
**Statement of Changes in Net Assets**  
For the year ended 31 December 2025

	<b>Unrestricted</b>	<b>Invested in Tangible Capital and Intangible Assets</b>	<b>Externally restricted</b>	<b>Internally restricted</b>	<b>Total 2025</b>	<b>Total 2024</b>
<b>Net assets - beginning of year</b>	\$ 11,176,582	\$ 15,018,836	\$ 2,184,401	\$ 38,129,716	<b>\$ 66,509,535</b>	\$ 64,601,476
Excess of revenues over expenses for the year	8,224,676	(674,729)	-	-	<b>7,549,947</b>	1,908,059
Transfer to invested in tangible capital and intangible assets	(369,049)	369,049	-	-	-	-
Transfer to internally restricted (Note 6)	(3,863,137)	-	-	3,863,137	-	-
Transfer to externally restricted (Note 12)	(404,288)	-	404,288	-	-	-
<b>Net assets - end of year</b>	<b>\$ 14,764,784</b>	<b>\$ 14,713,156</b>	<b>\$ 2,588,689</b>	<b>\$ 41,992,853</b>	<b>\$ 74,059,482</b>	<b>\$ 66,509,535</b>

The accompanying notes are an integral part of these financial statements

**PRODUCT CARE ASSOCIATION OF CANADA**  
**Statement of Operations**  
For the year ended 31 December 2025

	<u>2025</u>	<u>2024</u>
<b>Revenues (Note 16)</b>	<b>\$ 58,588,016</b>	<b>\$ 47,749,748</b>
<b>Expenses</b>		
Processing	28,856,288	25,652,099
Collections	11,390,559	10,796,830
Transportation	7,447,760	7,016,642
General and administration	4,872,530	4,505,274
Program administration	2,452,720	2,452,603
	<u>55,019,857</u>	<u>50,423,448</u>
<b>Excess (deficiency) of revenues over expenses from operations</b>	<u>3,568,159</u>	<u>(2,673,700)</u>
<b>Other income (expense)</b>		
Investment income	3,259,356	4,871,685
Interest income	752,258	962,048
Gain on sale of tangible capital assets	1,211	-
Gain on sale of marketable securities	355	8,252
Unrealized loss on investments	(31,392)	(1,260,226)
	<u>3,981,788</u>	<u>4,581,759</u>
<b>Excess of revenues over expenses for the year</b>	<u>\$ 7,549,947</u>	<u>\$ 1,908,059</u>

The accompanying notes are an integral part of these financial statements

**PRODUCT CARE ASSOCIATION OF CANADA**  
**Statement of Cash Flows**  
For the year ended 31 December 2025

	<b>2025</b>	<b>2024</b>
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Excess of revenues over expenses for the year	\$ 7,549,947	\$ 1,908,059
Items not involving cash		
Market value adjustments	31,392	1,260,226
Amortization of capital assets	671,531	706,598
Amortization of intangible assets	3,198	-
Loans forgiven	92,379	79,078
Gain on sale of marketable securities	(355)	(8,252)
Gain on sale of tangible capital assets	(1,211)	-
	<b>8,346,881</b>	<b>3,945,709</b>
Changes in non-cash working capital balances		
Accounts receivable	(826,211)	1,674,865
Prepaid expenses and deposits	339,733	94,082
Accounts payable and accrued liabilities	1,405,357	(1,684,807)
	<b>9,265,760</b>	<b>4,029,849</b>
<b>Investing activities</b>		
(Purchase) redemption of term deposits	(4,615,726)	7,147,693
Restricted cash and term deposits	(404,288)	(172,270)
Purchase of tangible capital assets - net	(338,279)	(1,160,941)
Proceeds on disposal of tangible capital assets	2,423	-
Purchase of intangible assets - net	(31,981)	-
Purchase of investments	(3,259,372)	(9,871,669)
	<b>(8,647,223)</b>	<b>(4,057,187)</b>
<b>Financing activity</b>		
Issuance of forgivable loans	-	(93,160)
	<b>618,537</b>	<b>(120,498)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>618,537</b>	<b>(120,498)</b>
<b>Cash and cash equivalents - beginning of year</b>	<b>4,849,895</b>	<b>4,970,393</b>
<b>Cash and cash equivalents - end of year</b>	<b>\$ 5,468,432</b>	<b>\$ 4,849,895</b>

The accompanying notes are an integral part of these financial statements

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**PRODUCT CARE ASSOCIATION OF CANADA**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2025**

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**1. Nature of operations**

On 7 May 2001, Product Care Association (the “Association”) was incorporated under the Canada Corporations Act. The new entity was the result of the amalgamation of PPC Paint and Product Care Association and Consumer Product Care Association. Effective 7 January 2015, the Association filed Articles of Continuance under the Canada Not-for-Profit Corporations Act and changed its name to Product Care Association of Canada. The Association is a not-for-profit organization and as such, the Association is not subject to income taxes.

The purpose of the Association is to design, implement, and operate product stewardship programs in Canada or elsewhere. Product stewardship programs are industry funded and managed programs which provide a collection system to consumers for unwanted products. The program then takes responsibility for the recycling and proper disposal of the waste products. Products accepted by the Association’s stewardship programs include: paint, pesticides, flammable liquids and other household hazardous waste, lighting products and smoke and carbon monoxide alarms. The Association operates product stewardship programs for some or all of these products in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and Labrador.

**2. Summary of significant accounting policies**

The Association applies the Canadian accounting standards for not-for-profit organizations.

(a) Financial instruments

(i) Measurement of financial instruments

The Association initially measures its financial assets and liabilities at fair value and subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market and investments in other securities, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash and cash equivalents, restricted cash, term deposits, accounts receivable, and forgivable loans.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Association’s financial assets measured at fair value include investments which are comprised of various investments in mutual funds.

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**PRODUCT CARE ASSOCIATION OF CANADA**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2025**

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**2. Summary of significant accounting policies - Continued**

(a) Financial instruments - Continued

(ii) Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

(iii) Transaction costs

The Association recognizes its transaction costs in the statement of operations in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

(b) Cash and cash equivalents

The Association's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and term deposits with a maturity period of three months or less from the date of acquisition. Term deposits that the Association cannot use for current transactions because they are pledged as security are also excluded from cash and cash equivalents.

(c) Tangible capital assets

Tangible capital assets are recorded at cost. The Association provides for amortization using the straight-line method at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. The annual amortization rates are as follows:

Buildings	25 years
Office equipment	2 years
Depot equipment	2, 3 and 5 years
Leasehold improvements	5 years
Computer equipment	3 years

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**PRODUCT CARE ASSOCIATION OF CANADA**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2025**

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**2. Summary of significant accounting policies - Continued**

(d) Intangible assets

Intangible assets are recorded at cost. The Association provides for amortization using the following methods at rates designed to amortize the cost of the intangible assets over their estimated useful lives. The annual amortization rate is as follows:

ERP software	5 years
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Intangible assets with an indefinite life are not amortized and are assessed annually for impairment.

(e) Impairment of long-lived assets

The Association tests long-lived assets for impairment when events or changes in circumstances indicate that their carrying value may not be recovered. When a tangible capital asset or intangible asset no longer contributes to the services provided by the Association its carrying value amount is written down to its residual value. No impairment losses were determined by management to be necessary for the year.

(f) Revenue recognition

Environmental Handling Fees (EHFs) are received from registered members within the provinces which participate in the Association's programs. The Association recognizes these fees as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. EHF's revenues are recognized as individual members report and remit them as required by the Association's membership agreement which is by the end of the month following the reporting period that the designated program materials were sold by the member.

Members are obligated to remit EHF's for all products sold from the earlier of the programs' start date or the date when the member started selling obligated products. If, for any reason, a member omits reporting and remitting EHF's associated with sold program products, the Association will recognize those EHF's as revenue when the amounts are determinable by the Association.

Other contract fees are recognized as revenue upon completion of the services provided.

Investment income includes interest income, and realized and unrealized investment gains and losses. Unrealized gains and losses are reported in the statement of operations. Investment income is recognized as revenue when earned.

**PRODUCT CARE ASSOCIATION OF CANADA**  
**Notes to the Financial Statements**  
For the year ended 31 December 2025

**2. Summary of significant accounting policies - Continued**

(g) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingencies at the date of the statement of financial position. Accounts and disclosures subject to estimates include amortization of tangible capital and intangible assets, accrued liabilities, revenue recognized for EHF's receivable and commitments for unprocessed product on hand. Management believes that estimates utilized in preparing the financial statements are prudent and reasonable, however, actual results could differ from those estimates.

(h) Foreign exchange

Monetary assets and liabilities of the Association which are denominated in foreign currencies are translated at year end exchange rates. Other assets and liabilities are translated at rates in effect at the date the assets were acquired and liabilities incurred. Revenue and expenses are translated at the rates of exchange in effect at their transaction dates. The resulting gains or losses are included in the statement of operations.

**3. Restricted cash and term deposits**

Restricted cash is comprised of the following amounts:

	2025	2024
Quebec RecycFluo Program Reserve (Note 12)	\$ 2,124,876	\$ 2,055,411
Quebec Non-Refillable Pressurized Fuel Container Recycling Program Reserve (Note 12)	213,376	128,990
Term deposit held as collateral for credit cards	250,437	-
	<b>\$ 2,588,689</b>	<b>\$ 2,184,401</b>

The restricted cash for the Quebec RecycFluo Program Reserve and Quebec Non-Refillable Pressurized Fuel Container Recycling Program Reserve is comprised of \$2,104,511 of cash held in a segregated bank account and \$233,741 of cash allocated from the Association's cash and cash equivalents. Subsequent to year end the Association has transferred \$233,741 of cash to the Quebec RecycFluo Program and Quebec Non-Refillable Pressurized Fuel Container Recycling Program's segregated bank account.

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**PRODUCT CARE ASSOCIATION OF CANADA**  
**Notes to the Financial Statements**  
For the year ended 31 December 2025

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**4. Forgivable loans**

The Association has advanced funds in the form of forgivable loans to various organizations for the development of collection facilities for specific programs (Note 11(b)). Providing that the collection facility commences operations and meets the various criteria in the collection site agreement, these funds and any related interest are forgiven at the rate of 10% or 20% of the original amount of the loan on each anniversary of the commencement of the collection site's operations. If the development of the collection facility is not completed, or the collection facility does not commence operations, the amounts advanced are repayable to the Association plus interest at 8% per annum.

	<b>2025</b>	2024
Balance - beginning of year	\$ 387,457	\$ 373,375
Funds advanced during the year	-	93,160
Loans forgiven during the year	<b>(92,379)</b>	(79,078)
Balance - end of year	<b>\$ 295,078</b>	\$ 387,457

**5. Term deposits**

(a) Short-term

As at 31 December 2025, the Association held term deposits of \$11,196,656 (2024 - \$9,667,312) with maturity dates ranging from 10 January 2026 to 12 December 2026 and bearing interest at 2.9% to 4.75% per annum which have been classified as a short-term assets.

(b) Long-term

As at 31 December 2025, the Association held term deposits totalling \$5,836,382 (2024 - \$2,750,000) with maturity dates ranging from 18 July 2027 to 12 September 2027 bearing interest at 2.2% to 4.5% per annum which have been classified as long-term assets.

**PRODUCT CARE ASSOCIATION OF CANADA**  
**Notes to the Financial Statements**  
For the year ended 31 December 2025

**6. Internally restricted net assets**

The PCA Members' Net Assets Management and Allocation Policy includes the establishment of an internally restricted PCA Program Reserve Fund. The PCA program Reserve Fund is presented as internally restricted net assets on the statement of financial position and statement of changes in net assets.

The purpose of the PCA Program Reserve Fund is as follows:

- stabilizing eco fees by being available to manage year to year volume fluctuations;
- covering the costs of winding up the Association by the decision of the members or as consequence of regulatory change, in an orderly manner, not to exceed two years;
- to cover the cost of unanticipated or extraordinary items;
- interim funding of program expansion;
- to fund other special projects (such as the acquisition or construction of a building);
- to fund the purchase of capital equipment; and
- to act as a sinking fund to cover the cost of managing products with long life spans, for which collection may occur well in the future

The balance of the PCA Program Reserve Fund shall be equal to or be less than programs' total expenses recorded in the most recently completed year, and should never fall below six months of the programs' total expenses. At the discretion of the Directors, the balance of the PCA Program Reserve Fund may exceed the most recent year's expenses in cases where programs have elevated risks due to market conditions compounded with long life spans of associated program products. The amount of the PCA program reserve threshold is recalculated on an annual basis and the reserve value is adjusted accordingly at year end for the associated year which is presented in the statement of changes in net assets as a fund transfer.

The assets in the PCA Program Reserve Fund consist of cash, term deposits and investments in fixed income and equity securities, and are independently managed.

During the year, \$3,863,137 (2024 - \$1,312,412) was transferred from unrestricted net assets to internally restricted net assets.

The balance of internally restricted net assets is comprised of the following amounts:

	<b>2025</b>	2024
PCA Program Reserve Fund	<b>\$ 40,337,961</b>	\$ 36,474,824
Funds available for the development of collection facilities (Note 11(b))	<b>654,892</b>	654,892
Funds available for the development of Saskatchewan collection facilities (Note 11(c))	<b>1,000,000</b>	1,000,000
	<b>\$ 41,992,853</b>	\$ 38,129,716

**PRODUCT CARE ASSOCIATION OF CANADA**  
**Notes to the Financial Statements**  
For the year ended 31 December 2025

**7. Tangible capital assets**

	Cost	Accumulated Amortization	2025 Net	2024 Net
Land	\$ 7,659,119	\$ -	\$ 7,659,119	\$ 7,659,119
Buildings	8,141,509	2,519,600	5,621,909	5,947,569
Depot equipment	3,839,149	3,290,658	548,491	618,115
Leasehold improvements	45,561	13,668	31,893	41,005
Computer equipment	46,163	18,392	27,771	28,766
Office equipment	21,906	9,640	12,266	-
Assets under development	732,924	-	732,924	674,262
	<b>\$ 20,486,331</b>	<b>\$ 5,851,958</b>	<b>\$ 14,634,373</b>	<b>\$ 14,968,836</b>

Land and buildings consist of two properties where legal ownership resides with bare trustee corporations. The Association has beneficial ownership of the properties.

Included in operating expenses and general and administration expenses is a total of \$671,531 (2024 - \$706,598) of amortization expense.

**8. Intangible assets**

	Cost	Accumulated Amortization	2025 Net	2024 Net
ERP Software	\$ 786,967	\$ 758,184	\$ 28,783	\$ -
Quebec RecycFluo Program	50,000	-	50,000	50,000
	<b>\$ 836,967</b>	<b>\$ 758,184</b>	<b>\$ 78,783</b>	<b>\$ 50,000</b>

During the 2012 fiscal year, the Association acquired certain intangible assets related to commencement of the Quebec RecycFluo Program for \$50,000. The intangible assets acquired consist of the program trademark and the list of program members that was established by the previous program manager. Management of the Association is of the opinion that no impairment allowance is required for the 2025 fiscal year.

Included in operating expenses and general and administration expenses is a total of \$3,198 (2024 - \$Nil) of amortization expense.

**PRODUCT CARE ASSOCIATION OF CANADA**  
**Notes to the Financial Statements**  
For the year ended 31 December 2025

**9. Accounts payable and accrued liabilities**

	2025	2024
Accounts payable and accrued liabilities	\$ 8,051,396	\$ 6,208,280
Government remittances payable	67,617	505,375
	\$ 8,119,013	\$ 6,713,655

**10. Contingencies**

On 30 June 2022, the government of Quebec amended the Regulation regarding the recycling and recovery of products by businesses. Under the previous Regulation, the Association had accrued penalties as a result of not meeting certain material collection targets. The amendment of the Regulation resulted in the cancellation of the penalties that had accumulated in previous years.

Additionally, the amended Regulation requires certain collection targets beginning in the Association's 2023 fiscal year, and the Association will be subject to potential penalties if these targets are not met. The Association has met the required target during 2023, 2024, and 2025 and has not accrued any estimated penalties in these financial statements.

**11. Commitments**

- (a) During the 2023 fiscal year, the Association entered into an extension of a lease agreement for the Quebec office suite which expires on 31 May 2027.

During the 2023 fiscal year, the Association has entered into an extension of a lease agreement for the Ontario office which expires on 28 February 2031.

The annual lease payments for the Association's premises are as follows:

2026	\$	204,432
2027		154,240
2028		120,761
2029		121,344
2030		121,344
Thereafter		20,224
	\$	742,345

**PRODUCT CARE ASSOCIATION OF CANADA**  
**Notes to the Financial Statements**  
For the year ended 31 December 2025

**11. Commitments - Continued**

- (b) In previous years, the Association's board of directors had passed resolutions to make funds up to \$1,535,000 available which can to be used for the development of collection facilities for certain ongoing programs. These funds are to be disbursed at the discretion of the Association based on an application process from qualifying organizations. As of 31 December 2025, \$880,108 of loans have been disbursed from the pool of available funds (Note 4) and \$585,030 of loans have been forgiven. The remaining undisbursed amount available to be loaned of \$654,892 (2024 - \$654,892) has been presented as a component of internally restricted net assets (Note 6).
- (c) In previous years, the Association's board of directors passed a resolution to make capital funding of up to \$1,000,000 available to collection sites participating in the Saskatchewan Household Hazardous Waste Program. The terms and conditions of how these funds will be disbursed have not been determined by the Association at the date of the Independent Auditors' Report. The remaining undisbursed amount available to be loaned of \$1,000,000 (2024 - \$1,000,000) has been presented as a component of internally restricted net assets (Note 6).
- (d) At year end the Association had unprocessed product on hand with an estimated cost to process, transport and recycle of \$1,143,067 (2024 - \$1,772,182) which will be incurred during 2026.

**12. Externally restricted net assets**

Externally restricted net assets are comprised of the following amounts:

	2025	2024
Quebec Recycfluo Program Reserve	\$ 2,124,876	\$ 2,055,411
Quebec Non-Refillable Pressurized Fuel Container Recycling Program Reserve	213,376	128,990
	<b>\$ 2,338,252</b>	<b>\$ 2,184,401</b>

Pursuant to the agreement between the Association and Société Québécoise de récupération et de recyclage, the Association is required to maintain a reserve fund equal to a minimum of six months and a maximum of twelve months of program operating expenses. The purpose of the reserve fund is to cover the expenses during a potential wind down of the program. During the year, the Association transferred \$69,465 and \$84,386 from unrestricted net assets to the externally restricted net assets related to the Quebec RecycFluo Program Reserve and Quebec Non-Refillable Pressurized Fuel Container Recycling Program Reserve respectively, resulting in a total fund transfer of \$153,851 (2024 - \$172,270) for the two programs.

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**PRODUCT CARE ASSOCIATION OF CANADA**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2025**

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**13. Financial instruments**

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Association's risk exposure and concentrations at the statement of financial position date, 31 December 2025.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association's main credit risks relate to its cash and cash equivalents, restricted cash, term deposits, investments, accounts receivable and forgivable loans. Cash, cash equivalents, restricted cash, term deposits and investments are in place with major financial institutions. Concentrations of credit risk with respect to accounts receivable are limited due to the large number of customers. Concentrations of credit risk with respect to the forgivable loans are limited to the extent that a collection facility who has received a forgivable loan does not become operational and the loan becomes repayable to the Association (Note 4). The Association has evaluation and monitoring processes in place and writes off accounts when they are determined to be uncollectible. There has been no change to the risk exposure from the prior year.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is not exposed to this risk due to its strong working capital position. There has been no change to the risk exposure from the prior year.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

(d) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Association has investments denominated in U.S. dollars included in the reserve (Note 6). As such, these investments are exposed to foreign exchange fluctuations.

Certain assets and liabilities are exposed to foreign exchange fluctuations due to transactions denominated in foreign currency. As at 31 December 2025, cash and accounts receivable of \$652,911 USD and \$85,773 USD (2024 - \$395,299 USD and \$153,520 USD) respectively and accounts payable and accrued liabilities of \$Nil (2024 - \$11,744 USD) has been converted into Canadian dollars. There has been no change to the risk exposure from the prior year.

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**PRODUCT CARE ASSOCIATION OF CANADA**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2025**

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**13. Financial instruments - Continued**

(e) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate instruments subject the Association to a fair value risk while the floating-rate instruments subject it to a cash flow risk. There has been no change to the risk exposure from the prior year.

(f) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Association is exposed to other price risk through amounts held in investments. There has been no change to the risk exposure from the prior year.

**14. Controlled organization**

The Association controls PCA Product Stewardship Inc. ("PCA PSI") as it is the sole member of PCA PSI and has the right to appoint the majority of PCA PSI's Board of Directors.

PCA PSI was created to develop and manage programs in the USA that allow members to easily satisfy state regulations around the end of life handling of various products produced and sold by industry. PCA PSI is currently managing the Washington State LightRecycle program and the California State ThermostatCare program.

On 27 October 2025 PCA PSI notified the participants of the Washington State LightRecycle program that it was withdrawing from the administration of the program effective 31 December 2025. Recent changes to Washington State law extended the program mandate to 2035. However, PCA PSI has determined that continuing as program administrator is not sustainable under the new framework. Management is of the opinion that the Association is not exposed to any material financial risk associated with the operations of the Washington State LightRecycle program or PCA PSI's termination of its role as administrator of the Washington State LightRecycle program.

The Washington State LightRecycle Program has a residual surplus of USD \$66,900 at 31 December 2025. Management of PCA PSI plans to transfer the residual surplus to a successor program administrator upon final determination of the residual surplus relating to the Washington State LightRecycle Program.

**PRODUCT CARE ASSOCIATION OF CANADA**  
**Notes to the Financial Statements**  
For the year ended 31 December 2025

**14. Controlled organization - Continued**

PCA PSI has not been consolidated in the Association's financial statements. Financial statements of PCA PSI are prepared in accordance with US generally accepted accounting principals FASB ASC 958, not-for-profit entities. The financial summary as at 31 December 2025 and for the year then ended are based on the unaudited financial statements as prepared by management and are translated to Canadian dollars using the current rate method.

PCA PSI

	<b>31 December 2025</b>	31 December 2024
	<u>(unaudited)</u>	
<b>Financial Position</b>		
Total assets	<b>\$ 2,225,729</b>	\$ 2,857,902
Total liabilities	<b>938,871</b>	300,809
Total net assets	<b>1,286,858</b>	2,557,093
	<u>\$ 2,225,729 \$ 2,857,902</u>	
	<u>(unaudited)</u>	
<b>Results of Operations</b>		
Total revenue	<b>\$ 2,167,584</b>	\$ 2,162,482
Total expenses	<b>3,339,241</b>	2,808,780
Deficiency of revenues over expenses	<b>\$ (1,171,657)</b>	\$ (646,298)
	<u>\$ (1,171,657) \$ (646,298)</u>	
	<u>(unaudited)</u>	
<b>Cash Flows</b>		
Cash used in operating activities	<b>\$ (902,598)</b>	\$ (778,069)
	<u>\$ (902,598) \$ (778,069)</u>	

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**PRODUCT CARE ASSOCIATION OF CANADA**  
**Notes to the Financial Statements**  
For the year ended 31 December 2025

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**15. Related party transactions**

The Association is related to PCA PSI (Note 14). The following summarizes the related party balances and transactions for the year.

Included in accounts receivable is \$45,153 (2024 - \$22,384) due from PCA PSI. These amounts are unsecured, non-interest bearing and will be received in the 2026 fiscal year.

Included in accounts payable is \$335,615 (2024 - \$Nil) due to PCA PSI. These amounts are unsecured, non-interest bearing and will be paid in the 2026 fiscal year.

Included in revenues is \$238,313 (2024 - \$233,552) charged to PCA PSI for administrative expenses.

The Association is related to a corporation controlled by an executive of the Association. During the year, the Association incurred expenditures of \$355,325 (2024 - \$247,132) for executive services, project management, systems development and business process and system documentation from this corporation.

For the year ended 31 December 2025 expenditures of \$323,344 (2024 - \$247,132) are included in general and administrative expenses in the statement of operations and \$31,981 (2024 - \$Nil) of costs related to system development have been included in intangible assets in the statement of financial position.

Included in accounts payable is \$30,852 (2024 - \$51,975) due to this corporation. These amounts are unsecured, non-interest bearing and will be paid in the 2026 fiscal year.

These transactions are in the normal course of operations and have been valued at the exchange amount which is the amount of consideration established and agreed to by the related parties.

**16. Revenue**

	2025	2024
Environmental Handling Fees	\$ 57,279,196	\$ 45,993,575
Other	1,308,820	1,756,173
	\$ 58,588,016	\$ 47,749,748